

## Message Text

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73

ACTION EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/104 W

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R 291700Z JAN 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6048

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, EEC, GW

SUBJECT: GATT PANELS ON DISC AND RELATED TAX PRACTICES

1. FRG ECONOMICS MINISTRY OFFICIALS MESSENBERG AND  
BURRE) WHO ARE PREPARING FOR EC 113 COMMITTEE REVIEW  
OF DISC RAISED FOLLOWING POINTS WITH EMBOFF ON JANUARY  
29:

(A) DESPITE RECORD TRADE SURPLUS, USG HAS NOT TAKEN  
ANY STEPS TO TERMINATE DISC. THERE MAY HAVE BEEN SOME  
RATIONALE FOR INTRODUCTION OF DISC AT TIME WHEN US  
TRADE BALANCE WAS HEAVILY IN DEFICIT, BUT THIS IS  
CERTAINLY NOT TRUE TODAY;

(B) GERMAN FIRMS ARE PRESSING FOR MORE FAVORABLE TAX  
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TREATMENT TO ASSIST EXPORTS. IF US MAINTAINS THE

DISC, IT WILL BE INCREASINGLY DIFFICULT FOR FRG TO  
WITHSTAND THIS PRESSURE;

(C) IN ABSENCE OF STEPS BY USG TO TERMINATE DISC, EC  
OPPOSITION IS LIKELY TO BE MUCH MORE UNITED AND THUS  
STRONGER. IT WOULD GREATLY EASE THE SITUATION IF USG  
WOULD AT LEAST MAKE AN EFFORT TO OBTAIN LEGISLATION  
PHASING OUT DISC ON STEP-BY-STEP BASIS.

(D) PARAGRAPH 6 OF PROCEDURAL PROPOSALS FOR GATT PANELS  
WHICH US MISSION GENEVA CONVEYED TO LUYTEN ON JANUARY  
14 WOULD NOT PERMIT ANY FLEXIBILITY CONCERNING ORAL  
ARGUMENTS. SINCE IMPORTANT ISSUES ARE AT STAKE, THE  
PARTIES SHOULD BE PERMITTED WHATEVER TIME IS NEEDED  
TO ARGUE THEIR CASE AND MAKE REBUTTALS.

2. EMBASSY RECALLED THAT DISC WAS INSTITUTED TO NULLIFY  
CERTAIN TAX ADVANTAGES TO MANUFACTURE ABROAD AND THAT  
IT WAS NOT DIRECTLY RELATED TO US TRADE BALANCE. WE  
WOULD LIKE TO HAVE BRIEF STATEMENT OF US POSITION WHICH  
WE COULD CONVEY TO MESENBERG PRIOR TO FEBRUARY 5  
MEETING OF 113 COMMITTEE WORKING GROUP ON DISC. HOW-  
EVER, WE BELIEVE WE SHOULD NOT DO ANYTHING FURTHER TO  
ENCOURAGE MESENBERG'S EFFORT TO ENGAGE IN BILATERAL  
FRG-US DISCUSSION OF DISC AT THIS POINT. FRG FINANCE  
MINISTRY HAS RECENTLY MADE CLEAR ITS OPPOSITION TO THE  
INTRODUCTION OF ANY TAX MEASURES TO ASSIST GERMAN  
EXPORTERS. THUS THREAT THAT FRG MAY HAVE TO INSTITUTE  
ITS OWN FORM OF DISC SHOULD BE TAKEN WITH A GRAIN OF SALT  
CASH

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE BALANCE, MEETINGS, TAX RELIEF  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 JAN 1976  
**Decapton Date:** 01 JAN 1960  
**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Film Number:** D760035-0282  
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